

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
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R 030100Z MAY 78
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 9229
INFO AMEMBASSY BANGKOK
AMEMBASSY PARIS
AMCONSUL HONG KONG
CINCPAC
USLO PEKING
AMEMBASSY KUALA LUMPUR

C O N F I D E N T I A L VIENTIANE 0503

CINCPAC FOR POLAD

E.O. 11652: XGDS-4
TAGS: PINS ECON PGOV VM CH
SUBJECT: SOUTH VIET NAM AFTER THE MARCH NATIONALIZATION CAMPAIGN

REF: KUALA LUMPUR 3371

SUMMARY: TWO SOURCES CONFIRM THAT UNREST AND POPULAR
RESENTMENT CHARACTERIZE THE SITUATION IN CHLON AND THE
REST OF SOUTH VIET NAM IN THE WAKE OF THE MARCH 23
NATIONALIZATION. THERE IS ONE REPORT OF A RIOT. ANTI
FOREIGN SENTIMENT IS COMMON, AND FARMERS ARE CUTTING
PRODUCTION AS A RESULT OF LOW GOVERNMENT-FIXED PRICES.
THE SRV ADMINISTRATION, HOWEVER, SHOWS NO SIGN OF
CHANGING ITS POLICIES. END SUMMARY.

1. A WESTERN SOURCE RESIDENT IN HANOI TOLD EMBASSY
OFFICERS MAY 1 THAT HE HAD TRAVELED TO HO CHI MINH CITY
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MARCH 27, FOUR DAYS AFTER THE SRV MOVED TO NATIONALIZE
SAIGON'S PRIVATE ENTERPRISE. HE SAID THAT CHOLON WAS
PARTICULARLY DEPRESSING WITH ALL THE SHOPS SHUTTERED
AND WITH THE ONLY SIGN OF ACTIVITY BEING SMALL GROUPS
OF SOLDIERS CONDUCTING INVENTORIES, OUR SOURCE SAID
THAT THE SHOPS' STOCK WAS BEING TAKEN OVER BY THE
GOVERNMENT AT LOW, FIXED PRICES FOR RESALE TO THE

PUBLIC THROUGH STATE STORES.

2 OUR SOURCE SAID THAT SHORTLY AFTER THE NATIONALIZATION CAMPAIGN WENT INTO EFFECT MARCH 23, THE CHOLON CHINESE STAGED A PRO-PRC DEMONSTRATION DEMANDING CONTACT WITH THE PRC EMBASSY IN HANOI SO THAT THEY COULD BE PROCESSED FOR REPATRIATION TO THEIR HOMELAND.

3. A SEPERATE WESTERN DIPLOMATIC SOURCE RESIDENT IN HANOI TOLD AN EMBASSY OFFICER APRIL 30 THAT SHE HAD RECEIVED ONE REPORT THAT THE DEMONSTRATION HAD BECOME VIOLENT AND THAT SRV TROOPS HAD FIRED INTO THE RIOTING CROWD KILLING SOME AND INJURING MANY. THIS SECOND SOURCE SAID THAT, IN ADDITION TO DEMANDING REPATRIATION TO THE PRC, THE CHOLON DEMONSTRATION WAS PROTESTING THE SRV CAMPAIGN TO NATIONALIZE PRIVATE CONCERNS. SHE SAID THAT SHE HAD RECEIVED ONE REPORT THAT THE VIOLENCE MAY HAVE BEEN SPARKED BY ONE CHINESE FAMILY'S REFUSAL TO SEND THEIR SON TO JOIN THE ARMY, CLAIMING THAT HE WAS A CHINESE CITIZEN AND WAS, THEREFORE, EXEMPTED FROM VIETNAMESE MILITARY SERVICE.

4. THE WESTERN DIPLOMATIC SOURCE SAID THAT SHE HAD GENTLY ASKED THE PRC AMBASSADOR ABOUT THE STATUS OF CHOLON CHINESE. SHE WAS TOLD THAT THE PRC EMBASSY CONFIDENTIAL

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IN HANOI WAS UNABLE TO GO TO HO CHI MINH CITY IN ORDER TO DOCUMENT THE CHINESE FOR REPATRIATION TO THE PRC. OUR SOURCE SAID THAT, IN PRINCIPLE, THE PRC COULD OPEN A CONSULATE IN HO CHI MINH CITY BUT, IN FACT, WWS NOT PERMITTED TO DO SO. (NEITHER ARE THE SOVIETS.)

5. OUR FIRST SOURCE (THE ONE WHO TRAVELLED TO HO CHI MINH CITY AFTER THE RIOTS) SAID THAT HE HAD NOTICED CONSIDERABLE ANTI-FOREIGN SENTIMENT IN SAIGON. HE SAID THAT HAD HE NOT MADE IT CLEAR HE WAS NEITHER RUSSIAN NOR AMERICAN, HE WOULD HAVE BEEN SPAT AT. THE RUSSIANS WERE HATED FOR THEIR CRUDE, OVERBEARING MANNER, WHILE THE AMERICANS WERE HATED FOR HAVING ABANDONED THE SOUTH VIETNAMESE. HE SAID THE FRENCH WERE COMING BACK INTO VOGUE.

6 ACCORDING TO THIS SOURCE, STOCKS OF CONSUMER ITEMS SUCH AS KLEENEX LEFT OVER FROM THE AMERICAN PERIOD WERE STILL AVAILABLE IN VIET NAM. SHIPMENTS OF THEM WERE PERIODICALLY SHIPPED NORTH TO BE SOLD IN THE DIPLOMATIC STORE IN HANOI. OUR SOURCE DID NOT KNOW WHAT WOULD HAPPEN WHEN THESE STOCKS WERE EXHAUSTED,

THOUGH THE VIETNAMESE BLACK MARKET RECEIVED SUPPLIES
FROM TIME TO TIME FROM THE CREWS OF EAST EUROPEAN SHIPS.

7. RICE PRODUCTION WAS FALLING IN THE SOUTH,
ACCORDING TO THIS SOURCE. THE FIXED PRICE AT
WHICH THE GOVERNMENT BOUGHT RICE FROM FARMERS
WAS TOO LOW TO MAKE IT WORTH THEIR WHILE TO
PRODUCE BEYOND THEIR OWN NEEDS FOR SALE TO THE
STATE.

8. WE ASKED THIS SOURCE WHETHER THERE SEEMED
TO BE ANY REALIZATION ON THE PART OF SRV CADRES
THAT WHAT WAS HAPPENING IN THE SOUTH INDICATED
THAT THERE MIGHT BE SOME BASIC FAULTS IN SRV
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POLITICAL AND ECONOMIC DOCTRINE. OUR SOURCE
SAID THERE WAS NO EVIDENCE OF ANY SUCH REALIZATION
WHATSOEVER. DESPITE SOUTHERN RESENTMENT, AN
OBVIOUSLY HIGHER LEVEL OF WARTIME PROSPERITY
IN THE SOUTH, AND THE CURRENT DETERIORATION OF
CONDITIONS IN THE SOUTH, SRV CADRES AND OFFICIALS
WERE STILL TRUE BELIEVERS.

9. COMMENT: WE IN EMBASSY VIENTIANE BELIEVE IT
IS NOTABLE THAT THE PROCEDURES THE SRV EMPLOYED
FOR NATIONALIZING PRIVATE CONCERNS IN
HO CHI MINH CITY MARCH 1978 WERE SIMILAR IF NOT
EXACTLY THE SAME AS THOSE USED BY THE LAO AS EARLY
AS OCTOBER 1976 IN VIENTIANE. NOT ALL SHOPS WERE CLOSED
HERE, HOWEVER, AND THERE IS STILL PRIVATE TRADING IN THE LPDR.
ROBERTS

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